

Meeting	OLC Board	Agenda Item No.	4
		Paper No.	119.3
Date of meeting	31 March 2022	Time required	20 minutes

Title	Executive Report
Sponsor	Paul McFadden, Chief Ombudsman
Status	OFFICIAL

Executive summary
<p>The LSB approval of the OLC 2022/23 Budget and Business Plan has provided a clear sense of confidence and momentum as we approach the end of 2021/22 and beginning of 2022/23. LSB feedback provided clear recognition of progress made in stabilising and improving delivery of the scheme and provided further evidence of growing confidence.</p> <p>Delivery of the plan from the outset is now the focus of the Executive. As we approach the start of 2022/23 we are in a stable position with strong progress continuing to be made in stabilising performance. LeO will outperform revised trajectories for the sixth consecutive month with March forecasts showing LeO on course to exceed all monthly case closure records.</p> <p>Our organisational focus on early resolution and proportionality continues to deliver with frontloading of resource to support this through implementation of a new Front End Team (FET). February saw the best performance to date and early resolutions now show a projected year-end total 28% higher than forecasts. Early resolution customers are experiencing substantial reductions in total journey time with early resolution of new customer cases being resolved in 37 days from the point all required information is received – a 62% shorter customer journey time for comparative complexity cases.</p> <p>Progress continues on significant priority people-related activity, including progress with the implementation of the new HR structure. Despite resourcing challenges, the HR team continues to support significant recruitment and induction activity across both the Operational Delivery and Corporate areas. The National Recruitment Campaign is complete with 40 investigators (37.4 FTE) joining the business in March. Recruitment for Level 1 and Level 2 Ombudsman roles has also been completed meaning we start 2022/23 in a strong position at full operational complement.</p> <p>The first Regional Hub is set to be piloted in Cardiff with plans in place to utilise MoJ estate within Cardiff (HMCTS). We have engaged TMP to support recruitment, advertisement and candidate management for a number of roles across operational and corporate functions, with a view to these being based in Cardiff. Other potential office locations in the North of England are being assessed.</p> <p>Despite intensive efforts on 2022/23 Business Plan approval, the Executive have not lost sight of 2021/22 Business Plan delivery as we close out programmes of work. Quarter 4</p>

has seen LeO delivering on 2021/22 Business Plan commitments across priorities. This includes Priority 3 work on learning, insight and impact – a fuller update on which is provided as part of this Executive report.

Momentum behind our changes to ways of working continued as we launched the consultation on review of LeO's Scheme Rules in February, supported by a range of stakeholder and LeO staff engagement. An update is provided for Board members on consultation and next steps.

Board will note updates on finance and risk, audit & governance, including on year end financial position (including underspend), progress on risk appetite and GIAA audits on Recruitment, Payroll, Change and Transformation and Budget and Business Planning.

Recommendation/action required

OLC is asked to **NOTE** the paper.

Executive Report

Performance and People

Progress continues to be made in stabilising performance with LeO on course to outperform revised trajectories for the sixth consecutive month. Improvement in performance continued across January and February 2022 with LeO continuing to increase closures and close more than the equivalent point in previous years with less established resource.

As we approach the end of March forecasts show that LeO is on course to exceed all monthly case closure records and exceed the Business Plan forecast for March. Against a 2021/22 Business Plan expectation of 629 and a revised trajectory of 650, customer outcomes for March currently stand at 619 at time of writing and with one week left in the reporting period. This will mean that LeO will have delivered revised case closure targets for six consecutive months and will approach the start of 2022/23 with confidence and on course to deliver Business Plan forecasts.

Our performance paper provides a full summary of the position as we approach the end of 2021/22 but the following key highlights provide Board with a clear summary:

- Year-end projections show that LeO will achieve c.34% more closures than 2020/21 and will be ending the year at c.90% of Business Plan closure forecasts, achieved with 86% of the established resource.
- LeO will have delivered a 9% increase in case closures in the second half of 2021/22 compared with the first six months.
- Average closures over the last 6 months of 2021/22 will approach 550. Over quarter 4 these will be over 580. Average monthly closures for 2020/21 were 392 which means that, on average over quarter 4, 188 more customer closures have been delivered each month than in 2020/21.
- In February established investigators achieved 5.26 productivity on investigative closures which is an increase on the yearly average of 5.15 and significantly higher than the 2020/21 average of 4.28. Including early closures, productivity increases to 5.47.
- PAP backlog stands at 6010 against an original Business Plan forecast of 4939. 690 of these cases have been Identified as early proportionality closures. Projected PAP size for end of year has reduced in forecast from 6300 to 5960.
- Customer journey times remain high due to the PAP backlog. We have seen an increase in CJT over the last quarter due to the focus on reducing the backlog. Closing older cases from the backlog contributes to a higher CJT in investigation and our CJT has yet to take account of the improvements from early resolution and proportionality initiatives. This will be taken account of early in 2022/23 with CJT also starting to reduce as we see sustained reduction in the backlog.
- Investigation times continues to be quicker. In the absence of the wait in the backlog, the investigation time in 2021/22 for low complexity cases (67% of LeO's

workload) averages 88 days. They averaged 85 day investigation time in month which is a 15% improvement from the beginning of the year. Across all case complexities the investigation time remains at 96 days which is a 15% reduction since April 2021. With the introduction of the new initiatives, the team are investigating cases to a quicker resolution.

Our focus on early resolution and proportionality delivered further positive progress over quarter 4. We have implemented a new Front End Team (FET) to bring together and frontload resourcing to support the delivery of early closures, PAP proportionality and early proportionality. Some highlights include:

- February performance on new initiatives saw the best performance year to date with 159. Intervention into the PAP has now accounted for 938 early case closures in 2021/22. A further 218 are forecast in March as FET ramp up to the required 270 for 2022/23. This will make a year-end total of 1156, 28% higher than the forecast of 900.
- Our FET team estimate 39% of cases in the PAP and 46% of new incoming cases are suitable for early resolution. This rate would allow delivery of over 3000 case closures in 22/23.
- Early resolution customers from the PAP are experiencing around a 50% reduction of their total journey time in comparison to low complexity cases. New customer cases have been resolved in 37 days from the point at which all required information is received – a 62% shorter customer journey time for comparative complexity case.
- FET investigator productivity for February was 10.27.

The people paper from our Head of People Strategy and Services provides an update on progress with significant priority people-related activity, including a full HR policy review and rewrite and the implementation of the new HR structure. The HR restructure, which will see recruitment to 7 new permanent posts commence shortly, has put significant pressure on the HR function but the HR team continues to support significant recruitment and induction activity across both the Operational Delivery and Corporate areas, with crucial support also from our Operations Managers. The National Recruitment Campaign is complete with the appointment of 40 investigators (37.4 FTE) who joined the business over a 2-week period in March and are being supported by a comprehensive onboarding process. Six successful candidates for the Level 1 Ombudsman roles have also been confirmed as have L2 Ombudsman identified in the Business Plan as required for proportionality work, recruitment activity having been undertaken in anticipation of a Budget approval. This will see us start 2022/23 with an over-complement of investigators and a full complement of L1 and L2 Ombudsman.

Progress has also been made in recruiting to identified hard-to-fill Corporate posts with appointments made to the Legal Manager, Risk Manager, Executive Assistant and Executive Support Assistant posts.

Regional Hub Strategy

The first Regional Hub is set to be piloted in Cardiff with plans in place, led by the Head of Programme Management & Assurance, to utilise office space using MoJ estate within Cardiff (HMCTS). This will progress LeO's plans to diversify from a single-site location in Birmingham. We have engaged TMP to support recruitment, advertisement and candidate management for a number of roles across operational and corporate functions, with a view to these being based in Cardiff.

The Head of Programme Management & Assurance is also progressing other hub options through MoJ, with potential office locations shared in confidence and being assessed. We are awaiting a response on possible next steps to establish a hub in existing MoJ offices in the North of England. This will be managed by the PM&A team and a project kick off meeting has taken place with key leads across the business. This will include an assessment of options as we approach the expiry of LeO's Edward House lease in Autumn 2024. This element is at the earliest stages but we will keep Board fully updated on progress in this area.

2022/23 Budget & Business Plan

As Board members are aware we received LSB approval of our 2022/23 Budget and Business Plan at the LSB meeting on 22 March 2022. Confirmation has since been received in the LSB's decision letter. This letter and the comments from LSB Board members at the meeting recognised the work that had gone into the quality and presentation of the documents submitted to the LSB to respond to feedback that had been previously received. There was also a clear recognition of progress that has been made in stabilising and improving delivery of the scheme. Key points of detailed focus included on the potential impact of inflationary pressures and the circumstances under which OLC/LeO may revert to the LSB Board on budget and a request for further future focus on contingencies.

A full communication plan is being implemented as we publish the Budget and Business Plan, with key stakeholders and media contacts notified in advance and offered engagement. The OLC Chair has published an online blog around the Budget and Business Plan and its approval and a range of social media activity is planned to give focus to key elements of the Business Plan. Staff have been kept informed through regular updates from the Chief Ombudsman and have had advance sight of the Budget and Business Plan. The OLC Chair and Chief Ombudsman will hold a post-Board meeting for all staff on 1 April which will include focus on the Business Plan and its approval. A further dedicated session on the detail of the Business Plan will be held for LeO staff in early April.

Delivery of 2021/22 Business Plan

Despite intensive focus of efforts on 2022/23 Business Plan approval, the Executive have not lost sight of key 2021/22 Business Plan delivery with progress being made across all three priorities. As we move to the end of Q4 the Programme Management & Assurance (PM&A) team are focused on closing out projects and programmes of work

and finalisation as well as preparation for the implementation and execution of 2022/23 Business Plan deliverables.

We are able to report a strong position across all three priorities. Priority One, focused on the vast bulk of activity and deliverables, has delivered and progressed across key areas reported prominently elsewhere in today's Board papers. Key recent highlights include the development of the behavioural and competency framework which was approved by RemCo in February with implementation planned for completion by Q1. The People Strategy has been provided for Board's approval at the March meeting with work completed alongside this to define the workstreams and align roles and responsibilities as part of the HR restructuring. This is clearly also underpinned by successful completion of the national recruitment campaign.

Highlights for Priority Two include the consultation on the proposed scheme rule changes which launched 16th of February with an 8-week timeline for completion. In parallel work is ongoing, led by the PM&A team, to scope and plan for implementation. A number of cross function meetings have been scheduled and work is ongoing to plan execution stages and tasks in preparation for completion of consultation.

Work on 100% Robotic Process Automation (RPA) processing which is ongoing and due for completion quarter 4 with the scope defined and work started with an external supplier. For the GETi project a decision has been made to allocate GETi resource to the dedicated Front End team (FET). This reflects resource constraints within the team and the prioritisation of the front-end PAP reduction work. The pilot achieved key success criteria, however the closure of cases in the backlog is the priority and on review the utilisation of this resource within the FET creates efficiencies across the board.

A fuller update is provided below on Priority Three as requested at the January Board meeting. A detailed update on our delivery of the full range of 2021/22 Business Plan activity will be provided in due course as part of preparations for the Annual Report.

Learning, insight and impact

Our Priority Three activity remains a key part of LeO's focus despite pressures of resourcing and the focus on operation recovery. Quarter 4 has seen us delivering on our 2021/22 Business Plan commitments in this area to meet our objective of providing direct learning and insight work to providers who require support to prevent and resolve complaints.

As part of our commitment to the overall transparency agenda, we are reviewing our approach to the publication of Category 1 Ombudsman decisions. This relates to publishing fuller information in relation either to cases which have a particular public interest or multiple cases where there is a pattern of activity by a service provider which is likely to be of public / consumer interest or is an important source of learning. We are putting in place a process which will enable us more easily to identify and track cases or patterns of behaviour which are potentially of interest. We are also developing a set of criteria which will enable us to make an informed decision, as early as possible, on whether cases are suitable for Category 1 publication.

We have identified one service provider where a Category 1 decision could be appropriate but this is on hold pending the outcome of a judicial review application. As a result of our renewed focus in this area we have recently identified another service provider where a pattern of behaviour could potentially warrant publication. We will continue to review these cases over the coming period. We will also now assess new cases and new Ombudsman decisions on a regular basis, seeking views and internal referrals to identify and assess relevant cases for consideration for publication.

The service provider advice line to date has received a number of queries since its launch and more recently following promotion with stakeholders. The range of enquiries received is broad, have included topics such as complaints procedures, clarification around when a client can come to LeO, remedy guidance and more. We have been asked to assess the suitability of two service providers' complaints handling procedures and provide advice on how they could be simplified or improved. One of the queries has led to us engaging with a firm and the CLC, providing the firm with some tailored 121 training looking specifically at issues emerging and supporting them in making improvements. They have committed to making changes to their processes going forwards with the aim of reducing first tier complaints generally as well as the number that get escalated to LeO. We are actively looking at whether we can use this work as a case study that might generate further similar interventions in the future.

We are actively seeking feedback from the service providers after they've used the Advice Line to look at how we hone and develop it moving forwards. Feedback received to date has indicated that those who have used the service provider advice line have found it very helpful and felt that we have been able to provide valuable insight.

With a view to increasing our reach on learning and insight, and seeking out different ways in which we can maximise this with minimal resource, the Chief Ombudsman has engaged with Practical Law Training – an organisation focused on providing best practice and training support to the legal sector - to discuss the opportunity to film a range of videos for access by legal service providers. These would aim to develop understanding of the role and approach of LeO and deliver key elements of learning and best practice on legal complaints handling. This work will be taken forward over the next quarter.

Stakeholder engagement and Enhanced public reporting

A significant focus of stakeholder engagement over quarter 4 has been on the Scheme Rules review. The consultation went live on 16 February and is open until 13 April. Prior to this, a number of stakeholder meetings took place to gauge initial views on the key proposals that have been outlined for change.

The Chief Ombudsman and Deputy Chief Ombudsman attended meetings with the Legal Services Consumer Panel, Bar Council, Law Society and the Association of Consumer Support Organisations across January and beginning of February which focused on developing understanding and getting feedback on changes to the Scheme Rules, including impacts these could have on service providers and consumers, as well as the practical and operational impacts. A meeting was also held with staff on 15 March

to ensure internal views were captured and staff had the opportunity to ask questions on the possible implications of any changes that are taken forward.

We have also continued to update stakeholders on progress with our Budget and Business Plan as this has developed. This included a letter in February to stakeholders from the OLC Chair and Chief Ombudsman which provided an overview of the responses received to the 2022/23 Business Plan and Budget consultation. The letter summarised key themes from the responses and also outlined how the revised plan had been rebalanced to include a clearer demonstration of how performance trajectories had been based on realistic expectations and assumptions which are already being carried out. We are now updating stakeholders more fully as we approach publication of the Budget and Business Plan by 31 March with a full communication plan in place to ensure stakeholder and media awareness.

The most recent Challenge and Advisory Group meeting of the year took place in February, with updates provided on:

- PAP initiatives and performance, including forecasts to year end;
- Stakeholder responses to the consultation on the 2022/23 Budget and Business Plan, including an outline of our developing approach ahead of submission to the OLC Board and LSB.
- The Scheme Rules review, consultation meetings to date and the timeline for the consultation.

The meeting provided assurances the group that the Legal Ombudsman was continuing to maintain focus on early resolution and proportionality initiatives - and that the Legal Ombudsman's national recruitment campaign had successfully recruited 40 new investigators to be in post before the start of 2022/23. Feedback was positive with strong support for the plans albeit with some caution around the ambitious nature of the our stated trajectory targets. It was agreed at the meeting that the group would continue into 2022/23 as the Legal Ombudsman continues with its programme of recovery.

The OLC Chair and Chief Ombudsman have continued to engage with the LSB and MoJ on a regular basis with the MoJ and LSB in various forms, including with MOJ policy colleagues and formal MOJ Business Assurance Meetings and a mix of formal and informal meetings with LSB Executive and Board.

A list of key external meetings and events attended by the Chief Ombudsman and/or LeO Executive colleagues in quarter 4 is provided at Annex A. The Chief Ombudsman is happy to update members on any further detail required on feedback from stakeholder engagement over this period.

Service Improvement, Quality and Legal

The quality team continues to be under-resourced due to the challenges of recruiting a new Quality Manager to lead the team and Quality Auditor/Officer to support the delivery of our quality framework. With increased resource and resilience in operations, we are now actively pursuing an internal development opportunity for the Quality Manager role on a secondment basis. This would provide much needed resilience to the team over

the coming months whilst also evidencing LeO's commitment to providing career development opportunities. Filling this role, even on a secondment basis, will allow the team to start the initial groundwork on the much needed quality framework review which has been delayed for some months now given the resource constraints in the team. This is a 6 month position (which will hopefully then dovetail with successful recruitment in Cardiff) providing resilience to the Quality team and enabling us to start looking at the Quality Framework Review which is high on OLC Board agenda.

Quality reviews are conducted on a quarterly basis with results for Q4 not yet available as reviews are being completed. As such it is not yet possible to comment definitively on any identified change in the standard of service that we deliver to our customers over this quarter. Whilst performance against the outcome quality metric in Q3 was strong, quarter 3 results showed a decline in performance against our service quality metric and we will be paying particular attention to performance against that metric in quarter 4 to see whether that trend has continued. The results of the end of process customer satisfaction survey for cases closed in Q3 continue to show that levels of satisfaction for those customers who are happy with the outcome of the investigation remains stable and over the KPI target level. It remains the case that the key driver for customer satisfaction is satisfaction with the outcome of the investigation and therefore unfortunately satisfaction levels for those who are not satisfied with the outcome remains low. Over the coming months our quality and operations teams will be working to develop measures to help provide assurance that new initiatives and pilots introduced to improve customer journey and wait times are not having any unintended adverse consequences on quality of outcome, levels of service or customer satisfaction.

The service complaints team is now fully resourced following a successful internal recruitment campaign and this is already being reflected in an increase in the number of service complaints that are being investigated and resolved by the team. As a result wait times for service complaint investigations are starting to reduce back towards more manageable levels. The key themes and trends being identified through upheld service complaints continue to relate to issues around case progression, delays at the front end of the process and poor communication. This also continues to reflect the issues being identified in our internal service quality reviews, above.

Our new Legal Manager joined LeO on 21 March. The Legal Manager and the Legal Team will be tasked with working to ensure that feedback and learning derived from all legal challenges is fed back into the business both through direct feedback and also through forums like Management Team and Quality Committee.

Return to Office (RTO) and hybrid working

In line with Government guidance our 40/60 Hybrid working model was reinstated in February with all COVID measures, including mask wearing and one-way system, lifted in March. RTO-Hybrid Office Working Survey actions have been progressed and closed at Command Meetings across January and February.

Our Command Team has been stood down as we move into this new phase, although we continue to monitor developments and risks. Responsibility for this and key ongoing actions relating to the office configuration, car parking and wider facilities actions have

been transferred to the Programme Management & Assurance (PM&A) team going forward.

Finance

The latest financial forecast provides the forecast end year underspend position. This shows a relatively limited movement in the forecast annual expenditure of £81k due to a firming up of the annual leave accrual position, and forthcoming design work on the annual report which will be accounted for in this financial year. The finance team is in a stable position; aged debts remain at a low level, creditors are being paid in a timely manner, and preparation for year end is underway.

Risk, Audit & Governance

The majority of the strategic risks and issues remain relatively stable following February review, although our Strategic Risk related to Covid-19 and LeO's resilience in responding to Covid impacts (SR03) has reduced in scoring and is aligned to the target risk score. This reflects the change in Government guidance the removal of covid measures.

The Head of Programme Management & Assurance, with support from the Business Intelligence Team, recently held a workshop with Executive colleagues on risk appetite and tolerance proposals – the next iteration will be discussed at the April Executive Team in readiness for ARAC and OLC Board in May.

GIAA audits on Recruitment, Payroll and Change and Transformation are in progress and due for completion by the end of the year. The 2022/23 Internal Audit Plan was discussed and approved at the March meeting of ARAC and the scoping meeting for the first audit on Budget and Business Planning was held with the Chief Ombudsman and Head of Programme Management & Assurance in March.

Work continues to progress the LeO-wide policy update with a number of key Finance policies published in February and 25% of policies updated to date. There has been some slippage due to resource constraints with key staff involved in the update process. Mitigation is in place where possible to reduce impact, though it is clear some policy updates will need to be handed over to BAU for completion post the end of the project.

Key External meetings and events attended by the Chief Ombudsman and LeO Executive - January to March 2022

Date	Meeting / Event	Purpose
1 January	Article published in the Law Society risk and compliance newsletter	Article published on good complaint handling from LeO.
11 January	LSB/OLC Board to Board	Regular meeting between Boards
21 January	OLC Chair-Chief Ombudsman- MoJ Policy Team	Regular Policy catch-up meetings with the MoJ policy team.
24 January	Bar Council- Scheme Rules meeting	To discuss proposed changes to the Scheme Rules following review- focusing drafting issues and discussions around sector/consumer impact.
31 January	LSCP- Scheme Rules meeting	To discuss proposed changes to the Scheme Rules following review- focusing on consumer impact.
31 January	Law Society- Scheme Rules meeting	To discuss proposed changes to the Scheme Rules following review- focusing on service provider and consumer impact.
1 February	Joint immigration meeting with SRA and other regulators and consumer group attendees	L2 Ombudsman - To follow on from November's meeting- to discuss if the issues in immigration services identified by regulators are the right ones to focus on and how to get a consumer reach.
9 February	ACSO- Scheme Rules meeting	To discuss proposed changes to the Scheme Rules following review- focusing on consumer impact.
9 February	Practical Law Training	To discuss the possibility of filming of training videos on 'The Role of the Legal Ombudsman'
10 February	Challenge and Advisory Group	Scheduled quarterly meeting- discussions around PAP initiatives and performance to year end, stakeholder responses to the Business Plan, and the Scheme Rules review including the timeline for the consultation.
14 February	Joint immigration meeting with SRA and other regulators and consumer group attendees	Follow up meeting to the 01 Feb meeting- with a Welsh focus
1 March	1:1 bespoke workshop training with a firm	A firm reached out via the LeO advice desk following an increase in complaints and misconduct referrals. We arranged a half-day training session with a Level 2 Ombudsman addressing and providing advice on complaints handling issues specific to them. They have agreed to make changes following this and sent positive feedback on the experience.
3 March	OLC MOJ Business Assurance Meeting- Q4	Quarterly Business Assurance meeting with MOJ sponsor colleagues (LSB in attendance for performance updates)

4 March	MoJ/LeO/LSB - Outsourcing Roundtable	To discuss the question of outsourcing some of LeO's casework.
9 March	Meeting with New Homes Ombudsman	Following initial discussion with the Chief Ombudsman, meeting to assist with the setup of the New Homes Ombudsman scheme with particular focus on jurisdiction and areas of potential overlap.
17 March	OLC Chair, LeO Chief Ombudsman and MoJ Policy Team	Regular Policy catch-up meetings with the MoJ policy team.
21 March	Published Overview of annual complaints data 2020/21 report	Engaging with various stakeholders to add to their news bulletins and newsletters. Legal Futures (online journalism for legal news) also picked it up and published an article.
22 March	LSB Board meeting	Meeting with Legal Ombudsman Executive Team and the OLC Chair to consider the Business Plan and Budget for 2022/23.
25 March	Law Society Risk and Compliance Conference	L2 Ombudsman delivering a joint presentation alongside Michelle Garlick (Chair Regulatory Committee, Manchester Law Society) on effective complaint handling.
29 March	Manchester Law Society COLP/COFA/MLRO forum	L2 Ombudsman delivering a presentation on complaint handling to their forum members